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Accounting and Financial
Management Division

B-242433

March 6, 1991

The Honorable Robert C. Byrd
Chairman, Subcommittee on Interior and
Related Agencies
Committee on Appropriations
United States Senate

The Honorable Sidney R. Yates
Chairman
The Honorable Ralph Regula
Ranking Minority Member
Subcommittee on Interior and
Related Agencies
Committee on Appropriations
House of Representatives

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Conference report 100-862, dated August 10, 1988, and your joint letter dated October 4, 1988 (also signed by the former Ranking Minority Member, Subcommittee on Interior and Related Agencies, Senate Committee on Appropriations), asked that we review aspects of the National Park Service's (NPS) accounting operations. As part of that work, we determined that the Department of the Interior had initiated a project to implement a new accounting system, the Federal Financial System (FFS), at its bureaus and major offices, including NPS. Consequently, in discussing these matters with the Subcommittees, we were requested to also monitor Interior's progress in its departmentwide accounting system replacement effort.

We separately advised the Subcommittees of the results of our work at NPS in a report entitled Financial Management: National Park Service Implements New Accounting System (GAO/AFMD-91-10). Also, at a briefing to the Subcommittees on October 12, 1989, we presented information on Interior's progress, through the end of fiscal year 1989, in implementing a revised accounting system. The purpose of this report is to complete our response to the Subcommittees' request by presenting information on Interior's accounting system replacement project, including updated material on the project's progress through October 1990.

Results in Brief

Accounting systems at Interior's bureaus and major offices were badly in need of enhancement or replacement. Interior decided to modernize its accounting operations with a new, single, standard accounting

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system. Interior originally planned that the system would be installed in its bureaus and major offices by October 1990. Through October 1990, Interior had made significant progress in this conversion initiative—six of its bureaus had installed the new system. However, with completion now scheduled for 1992, it will take 2 years longer to finish the replacement effort than Interior anticipated. Interior estimates that, by the end of fiscal year 1991, the cost will total about \$39 million.

Overall leadership for Interior's accounting systems replacement effort included a number of positive aspects, such as closely tracking resolution of implementation problems encountered by the bureaus and major offices. Even so, some implementation problems were experienced by Interior bureaus, including deferral by NPS of some of the system's features and delays by the Bureau of Indian Affairs (BIA) in testing the system and training its users. Difficulties such as these may have been lessened had required studies and analyses been completed prior to initiating the FFS project. Interior requires studies, such as a comprehensive requirements analysis, when its bureaus embark on major, new automated system projects.

Background

Interior is responsible for managing and administering the majority of our nationally-owned public lands and natural resources. This responsibility includes fostering the wisest use of our land and water resources, protecting our fish and wildlife, and preserving the environmental and cultural values of our national parks and historic sites. In addition, Interior has responsibility for lands and monies held in trust for American Indian tribes.

To carry out its financial management responsibilities, Interior has 10 bureaus and major offices that are dispersed throughout the country. They are responsible for accounting for and controlling about \$11 billion of appropriations and receipts that Interior receives annually.

To carry out the federal government's accounting and control responsibilities, the Office of Management and Budget's (OMB) objective is that agencies have modern financial systems to produce accurate, comparable financial information. To fulfill this objective, OMB requires that major agencies, such as Interior, have single, integrated financial management systems. These systems must comply with requirements prescribed in GAO's Policy and Procedures Manual for Guidance of Federal Agencies, Title 2, and the fiscal requirements of OMB and the Department of the Treasury.

Objective, Scope, and Methodology

The objective of this report is to provide the Senate and the House Appropriations Committees' Subcommittees on Interior and Related Agencies with information on Interior's initiative to replace the accounting systems at its bureaus and major offices.

In developing the information in this report, we identified accounting system problems at Interior's bureaus and major offices by reviewing the following: (1) Interior's Office of Inspector General reports, (2) Interior's Federal Managers' Financial Integrity Act¹ (FMFIA) reports, and (3) GAO's reports on Interior's implementation of the act. In addition, we reviewed a December 1985 report by an Interior contractor, which proposed alternatives for implementing a standard system at Interior.

We learned about the improvements and benefits expected from FFS by reviewing information prepared by the system's contractor and Interior on the new system's features. We also discussed this area with officials from Interior's Offices of Financial Management and Inspector General. We obtained information on the schedule for implementing the system and its costs from Interior reports on the status of and budget for the project. We also discussed this information with Interior officials responsible for the project and for administering the system replacement contract. In addition, we reviewed other contract-related documents, such as contract modifications and progress reports.

We discussed the FFS project with finance, budget, and project management personnel at Interior's bureaus and major offices and with representatives of the Office of the Secretary in Washington, D.C., and reviewed documentation they provided on the project's management, progress, and costs. Further, we discussed Interior's requirements for studies and analyses with officials of Interior's Office of Information and Resources Management.

To identify the experiences of and problems encountered by Interior's bureaus and major offices in installing the new accounting system, we worked at the Bureau of Reclamation in Denver. In addition, we drew upon information developed during our other work related to Interior's accounting system modernization effort at NPS and BIA. The results of that work were included in the report on NPS, which was previously cited, and the report on BIA entitled Financial Management: Bureau of

¹The Federal Managers' Financial Integrity Act of 1982 (31 U.S.C. 3512) requires agencies to report material weaknesses in agency internal control and accounting systems to the President and the Congress each year, along with plans to correct the problems.

Indian Affairs' Efforts to Implement New Accounting System (GAO/AFMD-90-60, May 24, 1990).

We performed our work from May 1989 through October 1990. Throughout the review, we discussed our work with departmental and bureau officials to ensure the accuracy and completeness of the information we gathered. Their comments were considered in preparing this report.

On December 13, 1990, we briefed your staffs on the matters discussed in this report. The information we provided to them is presented in appendixes I through IV. Major contributors to this briefing report are listed in appendix V.

We are sending copies of this briefing report to the Secretary of the Interior, Director of the Office of Management and Budget, and other interested parties. If you have any questions about the contents of this briefing report, please call me at (202) 275-9454.

A handwritten signature in black ink, appearing to read 'Jeffrey C. Steinhoff', with a stylized flourish at the end.

Jeffrey C. Steinhoff
Director, Civil Audits

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Abbreviations

BIA	Bureau of Indian Affairs
FFS	Federal Financial System
FMFIA	Federal Managers' Financial Integrity Act
NPS	National Park Service
OMB	Office of Management and Budget

Interior's Long-Standing Accounting Problems and Past Improvement Efforts

INTERIOR HAS LONG RECOGNIZED ITS ACCOUNTING DEFICIENCIES

- **SYSTEMS WERE ANTIQUATED**
- **ACCOUNTING DID NOT MEET FEDERAL REQUIREMENTS**
- **SYSTEMS WERE INEFFICIENT**

**PAST ACCOUNTING SYSTEMS IMPROVEMENT EFFORTS
INCLUDED MANY UNCOORDINATED REDESIGN AND
MENT EFFORTS**

**OMB EVENTUALLY DISAPPROVED FUNDING TO IMPROVE
EXISTING INTERIOR SYSTEMS**

**A CONTRACTOR STUDIED INTERIOR'S ADMINISTRATIVE PAY-
MENT/ACCOUNTING FUNCTION IN 1984 AND 1985**

For years, Interior has been plagued with seriously deficient accounting systems. It recognized these problems and reported them to the President and the Congress under the Federal Managers' Financial Integrity Act (FMFIA). Prior to departmentwide FFS implementation efforts, major accounting system redesign initiatives were largely uncompleted and uncoordinated attempts by bureaus to independently work toward correcting their accounting system problems.

Interior Had a History of Accounting Problems

According to Interior, the systems which FFS has replaced, or will replace, were outdated, inefficient, costly to maintain, and failed to meet the current financial management information needs of the department. Interior summed it up aptly in a February 1990 report to the House Appropriation Committee's Subcommittee on Interior and Related Agencies. Interior stated that, in fiscal year 1988, bureau systems did not come close to meeting minimum acceptable standards for federal systems. Further, each of its FMFIA reports since 1983 has revealed the serious condition of its financial management problems.

In 1985, we reported¹ that Interior continued to have major long-standing accounting system weaknesses, particularly at NPS, BIA, and the Fish and Wildlife Service.

- Problems at NPS included late reporting, accrual of expenditures and revenues, accounting for costs, and interfacing with its property system.
- BIA had been operating the same accounting system for 17 years and the system had serious problems. As early as 1976, we reported that BIA's system needed improvements in several areas, including recording and reporting obligations, controlling receivables, controlling and documenting payroll, and accounting for property.
- The Fish and Wildlife Service's accounting system began operating in the 1970s but was designed using 1960s technology. As such, the system was inefficient from both a data processing and an operations standpoint.

Interior's most recent FMFIA report, in December 1989, indicated that several of its accounting systems did not conform to Title 2 federal accounting standards in many areas, especially those related to general ledger control. For example, BIA was using multiple systems to record

¹Interior FMFIA: Interior's Implementation of the Federal Managers' Financial Integrity Act (GAO, RCED-86-25, October 31, 1985).

receivables, cash, and expenses, but these records were not reconciled or kept in balance with BIA general ledger records.

Past Improvement Efforts Were Unsuccessful

Interior bureaus struggled for years without success to strengthen their accounting operations. In 1985, just prior to initiating FFS, these ad hoc efforts were in different stages of initiation or completion. At that time, we found (see footnote 1, appendix I), for example, that

- NPS had been redesigning its accounting system for the prior 6 years,
- BIA was determining its accounting system redesign requirements, and
- the Fish and Wildlife Service had started to redesign its system in 1982. This effort was aimed mostly at automating manual processes to improve recording of travel advances, receivables, and payables; eliminating redundant coding on input documents; and improving overall financial reporting.

According to Interior officials, earlier system enhancement endeavors did not have as their overall objective a unified, standard departmentwide system.

Enhancement of Existing Systems Was Suspended

The administration's strategy for improving the government's financial management systems involves consolidating and standardizing its many separate financial management systems. In this regard, OMB has emphasized to federal agencies the benefits of a single, integrated system. This would be in line with its governmentwide goal of consolidated administrative processing.

In reviewing Interior's fiscal year 1985 budget, OMB denied funding to upgrade existing systems. In denying the upgrade funding, OMB proposed that Interior implement a single, integrated system in line with OMB's governmentwide goals. As a result, Interior suspended the system upgrade work of its bureaus and major offices.

Contractor's Study of Accounting Operations

In August 1984, a contractor began studying methods for integrating Interior's accounting systems and consolidating its payment functions. Completed in December 1985, the study indicated that the department's existing accounting systems were labor-intensive, requiring the equivalent of 866 full-time employees. Also, Interior's accounting systems were found to be expensive to operate, costing about \$27 million a year. Further, the contractor reported that accounting systems were

Appendix I
Interior's Long-Standing Accounting
Problems and Past Improvement Efforts

based on outdated technology and were incompatible. Two systems had been installed in 1968, seven in the early 1970s, and four since 1980.

The contractor's study also showed that Interior's accounting systems were operated in several different hardware environments which ranged from some on-line capability to little automation. Further, when scored against a model federal system, all but two of the systems averaged a score of 44 points out of a possible 100 point total—far below the contractor's minimal acceptable level of 75 points.

At the time of the 1985 study, the contractor concluded that it would cost more than \$19 million to upgrade existing systems to meet minimum requirements of the department and the central financial management agencies (OMB, Treasury, and us). Further, taking this course of action would have still resulted in 10 outdated, separate, and incompatible systems operating in different automatic data processing environments. These systems would not have been able to produce standard data to support comparative analyses.

Federal Financial System

FFS IS AN OFF-THE-SHELF SOFTWARE SYSTEM

**INTERIOR EXPECTS FFS TO IMPROVE ACCOUNTING SYSTEMS
AND BENEFIT FINANCIAL OPERATIONS IN SEVERAL WAYS,
INCLUDING BETTER FINANCIAL REPORTING**

**INTERIOR INTENDS FOR FFS TO PLAY A KEY ROLE IN BRINGING
ACCOUNTING SYSTEMS INTO COMPLIANCE WITH FEDERAL
ACCOUNTING REQUIREMENTS**

Rather than upgrading its existing accounting systems, Interior is replacing its accounting systems with an off-the-shelf accounting system, which is in accord with OMB directives. Interior anticipates that the new system, FFS, will improve accounting and financial reporting throughout the department. Further, Interior intends for FFS to play a key role in the department's efforts in bringing its overall financial operations into compliance with federal accounting requirements as well as with financial reporting requirements of OMB and the Department of the Treasury.

Verifying whether FFS has met Interior's expectations for improvements or benefits in any of the areas we will discuss was outside the scope of this review, which was to monitor Interior's implementation of FFS. However, once Interior's bureaus and major offices have implemented the system, they will have an opportunity to review its operations and determine whether FFS meets their needs.

FFS Is an Off-the-Shelf System

OMB directed in Circular A-130, "Management of Federal Information Resources," that in modernizing their systems, agencies use off-the-shelf software and systems to replace current systems, unless developing custom software and systems is clearly more cost-effective. Off-the-shelf software and systems are commercial or government-owned computer software, such as data base management systems or accounting systems.

In accordance with this directive, Interior reviewed commercially available software packages and concluded that this approach to improving its accounting systems could meet the vast majority of its bureaus' and major offices' accounting needs. For its departmentwide accounting system modernization initiative, Interior subsequently competitively procured FFS which is a commercial software package.¹

Improvements and Benefits Interior Expects From FFS

FFS is to perform a number of functions critical to Interior's bureaus and major offices in carrying out their financial responsibilities. For example, Interior officials advised us that FFS will be used to control appropriations, maintain general ledgers, and produce financial information for managing operations. Further, they said that the new system will include accounts receivable and payable records, as well as travel records.

¹FFS is now available noncompetitively to all federal agencies and is used by a number of them, including GAO. As any agency would need to do, GAO modified the system to meet GAO's needs.

FFS is intended to bring standardization and integration to Interior's accounting. For example, Interior plans for each bureau and major office to operate identical software and for data field and input requirements to be consistent among bureaus and major offices. Further, FFS is designed to permit system users to enter, edit, and post all accounting transactions to their general ledgers and appropriate subsidiary ledgers simultaneously.

Among the improvements and benefits Interior expects to achieve through FFS are the following.

- Improved financial information. Interior expects FFS to provide new and more detailed financial information, which should be available faster and with greater uniformity and integrity than at present. Therefore, Interior expects better financial reporting to be available to assist in managing operations by, for example, allowing ready comparison of data against appropriations and among bureaus. Interior also plans for data maintained through FFS to be used in preparing consolidated financial data and statements when requested.
- Reduced maintenance costs. By eliminating multiple, diverse, and outdated financial systems, Interior foresees that its system maintenance costs will be lower. Specifically, when a change to FFS becomes necessary, only one system change would be required, compared to individual system changes to each separate bureau system.
- Better system documentation and improved training. FFS will require only one set of system documentation to be maintained. Thus, Interior believes that its system documentation would be improved and be much easier to maintain. Previously, poor system documentation was a particular problem for Interior, as each bureau maintained separate documentation related to its own system. Thus, different sets of often incomplete documentation existed—each system had its own documentation. In addition, Interior believes that with FFS, user training would be simplified and more economical.

Most important, Interior expects FFS to play a major role in its efforts to bring the department's accounting system into compliance with federal accounting requirements. In this connection, Interior officials believe FFS was designed to incorporate requirements of the U.S. Government Standard General Ledger. Also, FFS is intended to meet the Core Financial

Appendix II
Federal Financial System

System Requirements published by the Joint Financial Management Improvement Program² in January 1988.

²The Joint Financial Management Improvement Program is a cooperative undertaking of GAO, OMB, Treasury, and the Office of Personnel Management to work with operating agencies to improve financial management practices throughout government.

Implementation Schedule and Costs

HIGHLIGHTS OF IMPLEMENTATION SCHEDULE

- 10 BUREAUS AND OFFICES WERE TO BE USING FFS BY OCTOBER 1990
- 6 BUREAUS HAVE INSTALLED FFS, WHICH COVERS ABOUT 75 PERCENT OF INTERIOR'S ACCOUNTING TRANSACTIONS
- 4 BUREAUS AND OFFICES PLAN FFS IMPLEMENTATION BY OCTOBER 1992
- MILESTONE SLIPPAGE OCCURRED FOR SEVERAL REASONS, INCLUDING NEED TO MODIFY FFS FOR SPECIFIC INTERIOR NEEDS

SYNOPSIS OF INFORMATION ON FFS COSTS

- IN 1986, INTERIOR SURVEYED THE POTENTIAL COSTS FOR AN OFF-THE-SHELF SYSTEM AND A CONTRACT WAS COMPETITIVELY AWARDED IN 1987
- A CONSISTENT BASIS IS NOT AVAILABLE FOR COMPARING FFS ESTIMATED AND ACTUAL COSTS OVER TIME
- INTERIOR PROJECTS FFS IMPLEMENTATION COSTS TO TOTAL \$39 MILLION BY THE END OF FISCAL YEAR 1991

Interior has progressed in its departmentwide implementation of FFS. However, several bureaus and major offices, including BIA, have not finished converting to FFS. Further, through fiscal year 1991, FFS implementation costs will reach about \$39 million.

FFS Schedule Met for Some Bureaus but Slipped for Others

Interior has implemented FFS at 6 of the 10 bureaus and major offices, which handle about 75 percent of Interior's accounting transactions. As of October 1, 1990, implementation for the remaining 4 bureaus and major offices was scheduled within the next 2 years—through October 1992. Table III.1 summarizes the dates on which FFS was implemented or is scheduled to be implemented.

Table III.1: Dates on Which FFS Implementation Was Completed or Is Planned, as of October 1990

Bureau or office	Implementation	
	Completed	Planned
Bureau of Reclamation	October 1988	
U.S. Geological Survey	October 1988	
Bureau of Mines	October 1989	
Fish and Wildlife Service	October 1989	
Bureau of Land Management	October 1990	
National Park Service	October 1990	
Bureau of Indian Affairs		October 1991
Minerals Management Service		October 1992
Office of Surface Mining		October 1992
Office of the Secretary		October 1992

While Interior has progressed in completing its overall implementation of FFS, it originally had planned that the system would be installed in all bureaus and major offices by October 1990. Installation of FFS at its bureaus and major offices was to have been staggered between October 1988 and the projected completion date. The initial implementation schedule was met at four of the bureaus that are now using FFS—the U.S. Geological Survey, Bureau of Reclamation, Fish and Wildlife Service, and Bureau of Mines.

Although subsequent implementation occurred, the original implementation date of October 1989 at NPS and the Bureau of Land Management slipped 1 year to October 1990. For example, NPS and Interior officials told us that completion plans were delayed (1) so that Interior could apply greater effort and resources to BIA's FFS work during fiscal year 1989 and (2) in consideration of NPS' having completed in March 1989,

another major accounting system change—centralization of its accounting function.

However, BIA has yet to complete its FFS installation. BIA was scheduled for FFS implementation by October 1990, but this milestone was accelerated to October 1989 in an attempt to more quickly replace BIA's problem-prone accounting system. When implementation was not attained by that date, BIA's installation of FFS was again scheduled for October 1990. Implementation of FFS by three other bureaus and offices (Mineral Management Service, Office of Surface Mining, and Office of the Secretary) also targeted for completion at that time, has been postponed. The revised milestones for having FFS in use at all four of these agencies is shown in table III.1.

A number of reasons contributed to these implementation delays. For example, BIA found that sufficient funding was not available to complete FFS when expected. Also, BIA experienced a greater than anticipated need to modify and enhance FFS to meet its specific needs, such as those related to letter of credit drawdowns by tribal contractors. Implementation of FFS at the other three bureaus and offices was postponed, at least in part, because the House Appropriations Committee reduced Interior's fiscal year 1990 appropriations by the amounts requested for converting these organizations to FFS.

FFS Costs Are Approaching \$39 Million

Interior did not perform a cost analysis prior to issuing a request for proposal to procure an off-the-shelf software package. However, the Assistant Secretary for Policy, Budget, and Administration, in August 1986, requested the Interior steering committee overseeing efforts to standardize the accounting system to obtain information on the cost of both acquiring an off-the shelf software package and undertaking systems development internally. The steering committee formed a project team to determine whether there was commercial software that would meet Interior's needs.

In December 1986, the project team and the steering committee each recommended that Interior procure commercial software. The project team's report on its survey of off-the-shelf software packages stated that a commercial software package could be purchased for a maximum of \$1.8 million. As presented by the project team, this cost would have included installation and testing of software, training of users, and system and user documentation. In addition, the project team's report

indicated that about another \$1 million would be needed to customize the software package to meet Interior's unique requirements.

In September 1987, Interior awarded a \$4.9 million contract to implement FFS at the U.S. Geological Survey and the Bureau of Reclamation. The contract was for providing the automated software package, related documentation, maintenance, training, and consulting services. Interior also estimated that an additional \$8.6 million would be needed for contractor support to implement FFS at other bureaus and major offices.

The steering committee's and project team's cost information did not consider such cost factors as additional personnel needed to operate the system or the telecommunications costs associated with the systems configuration Interior has implemented. Likewise, the FFS contract did not cover these costs. Therefore, we could not establish a consistent basis for comparing FFS' estimated and actual costs over time.

Because Interior provided increasing FFS cost estimates to the House Appropriations Committee's Subcommittee on Interior and Related Agencies, the Subcommittee, in August 1989, asked Interior for an analysis of FFS projected implementation costs. In response, Interior advised the Subcommittee on March 26, 1990, that FFS implementation costs through fiscal year 1991 would total over \$39 million. Table III.2 shows FFS implementation costs for fiscal years 1987 through 1991.

**Table III.2: FFS Implementation Costs for
Fiscal Years 1987 Through 1991**

Dollars in millions	
Fiscal year	Cost
1987	\$2.0
1988	3.2
1989	9.7
1990	11.6
1991	12.6
Total	\$39.1

Regarding the cost of FFS beyond fiscal year 1991, Interior estimated in its August 1990 5-year financial management system development plan to OMB that an additional \$15 million would be needed for FFS in fiscal year 1992. After that time, FFS costs are expected to range from about \$7.7 to \$8.3 million annually through fiscal year 1995.

Appendix III
Implementation Schedule and Costs

Overall, Interior believes the potential benefits and improved operations afforded by a single, integrated system for the department (see appendix II) justified its investment in FFS. Further, the agency pointed out that in 1985, a contractor estimated that it would have cost over \$19 million to have brought Interior's systems into conformance with minimum federal accounting requirements. (See appendix I.)

Implementation Problems and Overall Management of the FFS Project

MANAGING FFS IMPLEMENTATION INCLUDED DEVISING AN OVERALL PLAN AND ESTABLISHING TRACKING SYSTEMS AND AN OVERSIGHT TEAM

BUREAUS EXPERIENCED PROBLEMS IN INSTALLING FFS

- **BUREAU OF RECLAMATION HAD SIGNIFICANT PROBLEMS, INCLUDING UNRELIABLE REPORTS**
- **NPS DEFERRED IMPLEMENTING SOME PLANNED FEATURES AND ALTERED PLANS FOR OTHER FACETS**
- **BIA DELAYED TESTING THE SYSTEM AND TRAINING ITS USERS**

FURTHER STUDY AND ANALYSIS BEFORE UNDERTAKING THE FFS PROJECT MIGHT HAVE LESSENERED THE DELAYS, CHANGES, AND COSTS

Managing the installation of an automated financial system can be an arduous undertaking—one that all too often fails. To date, Interior's management of the FFS project has resulted in its being implemented at 60 percent of the bureaus and major offices which together handle most of the agency's accounting transactions. However, during the 3 years that the FFS project has been underway, problems arose and more are likely to occur before the project is expected to be completed in fiscal year 1992. Such problems might have been lessened had a number of studies and analyses that are required by Interior directives been completed before the FFS project was initiated.

Management of FFS Project Included Many Positive Aspects

Assigning a management team, establishing an overall plan, and setting target dates are critical factors in developing automated accounting and financial management systems.¹ Interior included these and other factors in its overall management of the FFS project.

In managing the project, Interior clearly defined the roles and responsibilities of the individuals and organizations involved in the project. It established a project team of system accountants and computer system analysts within the U.S. Geological Survey to manage and monitor overall progress. Under this style of operation known as the lead bureau concept, the U.S. Geological Survey was designated as responsible for acquiring, implementing, and maintaining the new departmentwide financial management system. Interior officials advised us that, after FFS has been fully implemented, the U.S. Geological Survey is to continue to have departmentwide responsibilities, such as centrally maintaining documentation for FFS.

A project coordination group has been established. This group meets periodically to discuss the status and progress of the conversion effort. In addition, each bureau that has implemented the FFS prepared a detailed plan for conversion to the new system. The plans established milestones for the various project tasks and assigned responsibility for managing and completing the tasks.

Also, Interior has a system to track the status of system problems and requests for software changes. Further, Interior is using a telecommunication system which enables the bureaus to obtain and exchange system-related material.

¹Critical Factors in Developing Automated Accounting and Financial Management Systems, the General Accounting Office, January 1987.

Bureaus Experienced Problems in Implementing FFS

Despite the management techniques Interior instituted for the FFS endeavor, the agency encountered problems in installing FFS at bureaus and major offices. Examples of the types of problems we identified follow.

- Our on-site work at the Bureau of Reclamation in Denver disclosed that significant FFS problems were being experienced. For instance, 7 months following FFS implementation in October 1988, the system could produce one of 12 external reports and the internal management reports it produced were unreliable. Also, according to Bureau of Reclamation officials, the system was difficult to understand and use, and was more labor-intensive than the system it replaced. When our on-site work was completed in October 1989, the Bureau had efforts underway to improve its implementation of FFS. Interior's Office of Inspector General is examining in greater detail several aspects of FFS at the Bureau and plans to report its conclusions later in 1991.
- While FFS became operational at NPS on October 1, 1990, we found that implementation of certain planned features had not yet occurred.² NPS (1) deferred plans to revise NPS' accounting codes, (2) delayed establishing automatic interfaces between NPS' new accounting system and several of its other financial management systems, and (3) modified plans to provide direct access to the new system's mainframe computer for many of the system's users. Further, NPS did not have the number of staff members it estimated was needed to operate the new system, and it had not determined the number of staff required to maintain and operate the system at regional offices, parks, and other organizational units.
- BIA experienced delays in testing the system and training its users.³ Contributing to the delays was the lack of personal computers needed to test and operate the system and train users. In addition, BIA needed better documentation of the system and the contractor needed to complete work on many software changes identified by previous testing. We expressed concern that if BIA operates its new accounting system without fully testing it and correcting all significant problems identified by testing, or without adequately training its users, system operation could be impaired and additional costs could be incurred. As a result, BIA requested and was granted, a 1-year delay in converting to the new system.

²Financial Management: National Park Service Implements New Accounting System (GAO/AFMD-91-10, February 13, 1991).

³Financial Management: Bureau of Indian Affairs' Efforts To Implement New Accounting System (GAO/AFMD-90-60, May 24, 1990).

Interior recognizes that the project is experiencing a number of problems. It is now using its financial management systems skills to ensure that user needs are being met in those bureaus already on the system and to ensure that those bureaus scheduled to implement the system are adequately prepared. It is also looking closely at the remaining implementation milestones and has adjusted planned implementation dates for those activities which are experiencing problems.

Additional Study and Analysis Might Have Lessened Problems

Interior requires that certain studies and analyses be completed when its bureaus and offices implement a new automated system, such as FFS. These studies and analyses, which are explained in the following list, are important because they can provide an early warning of potential system development problems. However, these studies and analyses were not prepared, reviewed, and approved by Interior's Office of Information Resources, as specified by the Departmental Manual. While Interior's continued overall management of FFS will facilitate its full implementation, some of the problems which occurred might have been lessened if these studies and analyses had been completed in accordance with Interior directives.

- Comprehensive requirements analysis. Office of Financial Management officials believe that the December 1985 contractor study discussed in appendix I and the request for proposal for the contract awarded for FFS met the requirements of a user requirements analysis. Although these documents may have contained some aspects of a comprehensive requirements study, they did not fully describe system outputs or discuss data elements required and current and future data storage estimates.
- Work load estimate. Through this estimate, Interior could have forecasted the work load to be processed over the life of the system and the impact that the workload would have on hardware requirements, personnel, and financial support.
- Economic analysis. This analysis is intended to have compared the cost of an off-the-shelf software package with other alternatives.
- Software conversion study. This study would have described the potential costs and problems of converting all existing software to one standard package.

We are not suggesting that Interior retroactively undertake these studies and analyses, as FFS is nearing full implementation. Further, a clear link between them and the difficulties which occurred concerning FFS cannot

**Appendix IV
Implementation Problems and Overall
Management of the FFS Project**

be demonstrated through our work, which consisted of overall monitoring of FFS' implementation. However, the problems which the bureaus experienced in installing FFS are symptomatic of the types of situations which such studies and analyses are intended to help avert.

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